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IN THE

Supreme Court of the United States.

OCTOBER TERM, 1951.

No. 161 .

GUSTAV MACHATY,

Petitioner,

—against—

ASTRA PICTURES, INC., MICHAEL M. WYNGATE, INC., MARTIN LICHT,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT AND BRIEF IN SUPPORT THEREOF.

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THE COURT PRESS, 130 Cedar Street, N. Y. C.

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No. .

GUSTAV MACHATY,

Petitioner,

—against—

ASTRA PICTURES, INC., MICHAEL M. WYNGATE, INC., MARTIN LICHT,

Respondents.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit.

The petitioner Gustav Machaty prays that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Second Circuit, entered in this cause on the 28th day of March, 1952.

STATEMENT.

This suit was brought by the petitioner, who is the author and producer of the motion picture film entitled "Ecstacy", against the respondents, to restrain them from infringing upon said film, and for an accounting and damages.

Outline of the Case and Questions Presented.

The petitioner Gustav Machaty, of Czechoslovakia, wrote, directed and produced in 1931 and 1932 a film entitled "Ecstacy", featuring the actress by the name of Hedy Kiesler (now known as Hedy Lamarr).

On July 12, 1932, the petitioner, Gustav Machaty, as the author and producer of said film, entered into a contract with Elekta-Film, a Czechoslovakian corporation, for the distribution by the latter of said film, throughout the world, upon the payment of certain royalties by the Elekta to the petitioner.

Thereafter, and in 1934, Elekta, the distributor of the film, licensed to the Eureka Productions, Inc., a New York corporation, to act as exclusive exhibitor of the film in the United States, for a period of five (5) years, until *1939*.

On April 27, 1936, Eureka, as *licensee*, in its own name, secured a Certificate of Copyright upon said film, which states as follows:

> "Directed by Gustav Machaty,
> Author of Photoplay of
> Czechoslovakia"
> (Plaintiff's Exhibit 12,
> fol. 929).

It may be said in passing, that since the Eureka Productions, Inc., was merely a *licensee*, and not an *author* or *proprietor* of the film, it was not qualified under *Section 9 of the Copyright Act* (formerly Section 8) to secure a copyright in its own right; and, therefore, Eureka predicated its application for copy-

right upon the authorship of Machaty; and in view thereof, it must be deemed that Eureka secured and held such copyright, *in trust,* for the benefit of Machaty, who is the author and producer of the film.

Thereafter, and in 1938, Elekta licensed to one Weingarten, the predecessor of the respondent Astra, the exclusive license for the showing of said film, for a period of five (5) years, when Eureka's license expired in 1939, *so that Astra's right to distribute the film expired in 1944.*

In 1940, in settlement of a suit between Eureka, on the one hand, and Weingarten and Wyngate, Inc., on the other, Eureka made a private agreement to assign to Weingarten and Wyngate all its rights, including *the copyrights,* to said film.

It may be said in passing that Weingarten took the assignment of said copyrights from Eureka *subject to the same trust.*

Thereafter and in 1947, the petitioner, Machaty, refused to recognize any claim of Astra in and to said film, and, thereupon, the petitioner, Machaty, as author and producer of said film, licensed Eureka (the former licensee of Elekta) to exhibit said film in this Country, and the petitioner, Machaty, thereupon, and in 1948 brought this suit to restrain the respondents from distributing said film, and for damages, after *1944,* when Astra's right to distribute said film expired, under its contract from Elekta; and for a *TRUST* to be declared in favor of Machaty upon said copyrights.

The trial Court dismissed the complaint, and the Court of Appeals affirmed the judgment, on the ground that after the rights of Astra to exhibit the

picture expired in *1944*, the copyrights to said film (which were taken out by Eureka in trust for Machaty), *reverted* to Elekta, the general *licensee* of the petitioner, Machaty, and not to the petitioner, Machaty, who is the author and producer of the film.

In 1947, Machaty recovered a judgment against Elekta, in Prague, *after a trial and upon the appearance of both sides by counsel* (Plaintiff's Exhibit 8 for Identification, fols. 736-790).

The judgment in Prague, therefore, is conclusive upon the merits; and the Elekta will not be permitted, in our courts, to re-examine the questions of law and fact, which were settled by Prague judgment.

Dunstan v. *Higgins,* 138 N. Y. 70.

The ruling in the case of *Dunstan* v. *Higgins* (*supra*), has been reaffirmed by the following cases:

Johnston v. *Compagnie General Transatlantique,* 242 N. Y. 38;
Gilbert v. *Burnstine,* 255 N. Y. 348.

Thereafter and on or about August 6, 1948, Gustav Machaty commenced an action against Elekta-Film and Joseph Auerbach by the service of the summons and complaint upon each of them, in the Supreme Court, New York County (Plaintiff's Exhibit 9 for Identification, fol. 830).

The complaint in said action is predicated upon the following two grounds:

(1) Upon the two contracts between Gustav Machaty and Elekta-Film, dated July 12, 1932, and September 17, 1932, as aforesaid.

(2) Upon the said foreign judgment recovered by Gustav Machaty against Elekta-Film, in Prague, Czechoslovakia (Plaintiff's Exhibit 9 for Identification, fols. 805-807).

The defendant Elekta-Film moved to set aside the service of the summons and complaint upon it, upon the ground that it was a foreign corporation and was not doing business in New York State. Its motion was denied by the Supreme Court, New York County, and said denial was thereafter unanimously affirmed by the New York Appellate Division of the First Department (fols. 830-836).

Upon the denial of the motion, no answer was thereafter interposed by said Elekta-Film, and judgment was thereupon entered in the Supreme Court, New York County, on September 14, 1950, in favor of Gustav Machaty and against Elekta-Film; and the material portion of which judgment reads as follows:

> "ORDERED, ADJUDGED AND DECREED, that plaintiff (*i. e.,* Gustav Machaty) is entitled to judgment against the defendant corporation Elekta-Film, A. G., *as prayed* for in the complaint herein" (Plaintiff's Exhibit 9 for Identification, fols. 793-799).

THE PRINCIPAL QUESTIONS PRESENTED ARE:

1. Was the Court of Appeals right in holding that the copyrights (which were taken in *trust* by Eureka and assigned by Eureka to Astra), had reverted to Elekta, the *general licensee* of the film, and not to the petitioner, Machaty, who is the *author* and *producer* of the film.

2. Was the Court of Appeals right in holding that the judgment of the Supreme Court, New York County, did not constitute *res adjudicata* against Elekta-Film.

Reasons for Granting the Writ.

The outline of the case and of the questions presented show that this case falls within more than one of the classes described in Paragraph 5 of Rule 38 of the Rules of this Court as appropriate for certiorari.

None of the points raised herein involve any conflict in the evidence. Only questions of law are presented on facts found or clearly established.

Respectfully submitted,

Henry Pearlman,
Counsel for Petitioner,
Office & P. O. Address,
1440 Broadway,
Borough of Manhattan,
City of New York.

June 23, 1952.

IN THE

Supreme Court of the United States.

OCTOBER TERM, 1951.

No. .

GUSTAV MACHATY,

Petitioner,

—against—

ASTRA PICTURES, INC., MICHAEL M. WYNGATE, INC., MARTIN LICHT,

Respondents.

BRIEF IN SUPPORT OF THE PETITION.

Opinions Below.

The District Court rendered a written opinion (fols. 1897-1908) and is reported in —— Fed. Supp. ——. The opinion of the Court of Appeals (R. 663) is reported in —— F. (2d) ——.

Jurisdiction.

The judgment of the Court of Appeals (R. 679) was entered on the 28th day of March, 1952. Jurisdiction to issue the writ rests on Section 240(a) of the Judicial Code, as amended by the Act of February 13, 1925.

Statutes Involved.

The pertinent portion of Section 9 of the Copyright Act (formerly Section 8), (17 U. S. C. A. 9), provides:

> "Section 9. AUTHORS OR PROPRIETORS, ENTITLED; ALIENS
>
> The author or proprietor of any work made the subject of copyright by this title, or his executors, administrators, or assigns, shall have copyright for such work under the conditions and for the terms specified in this title:"

ARGUMENT.

I.

The trust impressed upon the copyrights was in favor of Machaty and not Elekta, and reverted to Machaty.

The District Court found that plaintiff Machaty "is the producer and author" of the motion picture (fol. 1898); and the Court of Appeals similarly found that plaintiff Machaty "wrote, directed and produced" said motion picture (R. 664).

There is no provision in said contract of July 12, 1932, that Machaty assigns, transfers or grants to Elekta any proprietary interest whatsoever in the manuscript, authorship or production of the film, or in and to any part of the literary property to said motion picture.

Since the right of Machaty to the literary property of said film was not assigned to Elekta, it follows that Machaty remained the owner of said literary property.

In *Saake* v. *Lederer,* 174 Fed. 135 (Third Circuit), the Court said at page 137:

> "It is therefore obvious that this contract, on which Lederer's sole right to procure a copyright rests, neither conveyed nor purported to convey the author's title or right to a copyright in the United States."

Section 9 of the Copyright Act (formerly Section 8) provides:

> "The *author or proprietor* of any work made the subject of copyright by his title, or his executors, administrators, or assigns, shall have copyright for such work under the conditions and for the terms specified in this title: . . ."

It is well settled that "proprietor", means the same as "assigns".

In *Egner* v. *E. C. Schrimer,* 139 F. (2d) 398 (First Circuit, 1943), the Court said at page 399:

> "Under the Copyright Act, 17 U. S. C. A. Section 8, the persons who may have copyright are 'the author or proprietor . . . or his executors, administrators, or assigns.' '*Proprietor*' means the same as 'assigns'. . . . *Mifflin* v. *R. H. White Co.*, 190 U. S. 260; *Public Ledger* v. *New York Times*, 275 F. 562, affirmed 279 F. 747, certiorari denied 258 U. S. 627. By the trial court's findings Egner and Mayer were licensees with permission to publish the song in their compilation.

> "*As such licensees and not assigns they were not proprietors and, therefore, could not copyright the individual 'Caisson Song' when they copyrighted their compilation. Public Ledger Co. v. Post Printing & Publishing Co. v. New York Times, supra*; *Saake v. Lederer*, 174 F. 135; *Fraser v. Yack*, 116 F. 285; see *American Press Association v. Daily Story Publishing Co.*, 120 F. 766."

It follows that the Copyright Act grants the exclusive right of copyright to two distinct kinds of persons, only, namely:

(a) To the AUTHOR of a work.

(b) To the PROPRIETOR of a work; and by PROPRIETOR, as shown above, means a purchaser or grantee of the literary property from the AUTHOR.

Elekta was not a purchaser, assignee or transferee of the literary property of said film from the AUTHOR Machaty; but was only an *agent* of the AUTHOR Machaty for the sale of the USE of the film, and, consequently, Elekta could not qualify as a PROPRIETOR under said *Section 9 of the Copyright Act*.

It follows that under *Section 9 of the Copyright Act*, Machaty, as AUTHOR, was entitled to secure a copyright for his work; whereas Elekta Film, as licensee from the author Machaty, was not entitled to copyright under said *Section 9 of the Copyright Act*.

It is well settled that where a person who is not the author of a work, secures a copyright in his own name, he may be deemed to hold such copyright in trust for the rightful owner.

680, 682

Cohan v. *Richmond*, 86 F. (2d) 680
(Second Circuit);
Eisel v. *Ladner*, 1 F. (2d) 436 (Third Ci Circuit).

ta emerge

The question then arises: How could Elekta ekta never as the copyright owner of the film, when Elekta came the was the author of the film, and never becan nder the proprietor thereof, and was not qualified und Copyright Act to secure a copyright?

te of the

The Courts, in furtherance of said Statute e that a Copyright Act, have developed the doctrine copyright may be *impressed with a trust.*

, it must

In developing the said equitable doctrine, it doctrine be assumed that the Courts approached said d ons mentioned under *Sections 1 and 9 of said Copyrig ight Act.* in the light of the language used and person

The question is: In whose favor may such t trust be impressed?

essed in

Was it intended that such trust be impres to secure favor of *Machaty*, the author, who is entitled to copyright under the Copyright Act; or, was it intended that such trust may be impressed in fa favor of *Elekta, not a proprietor* of said film, but mer erely an agent to sell the *USE* of the film to exhibitors s?

ants the

Since the Statute of the Copyright Act gra right of copyright to an *author or proprietor*, it must follow that the copyright taken out by a licensee of Elekta was intended to be impressed with a trust in favor of the *author or proprietor only.*

In *Hanson* v. *Jaccard Jewelry Co.*, 32 F. 202, the Court in construing said Statute, said that the Statute permits the taking out of a copyright in the name of a trustee for the benefit of some third party who is the "author or proprietor".

In 1936, Eureka Productions, Inc., as licensee, secured a Certificate of Copyright upon said film, which sets forth as follows:

> "Eureka Productions, Inc.,
> 410 East 32nd St., New York, N. Y.
>
> Title, Ecstacy, Dialogue by Jacques A. Koerpel, Edited by Jack Kempt.
>
> *Directed by Gustav Machaty, Author of Photoplay of Czechoslovakia (8 reels)"*
>
> (Plaintiff's Exhibit 12, fols. 929-930).

Eureka, therefore, in applying for the copyright expressly states that it predicates its application for copyright upon the authorship of Machaty and thereby impliedly conveys and represents that it will hold such copyright in trust for the author Machaty.

The Court of Appeals says, that "If Elekta is still in control of the world-wide distribution rights, then the equitable interest in copyrights, taken out by its assignees *reverts* to *Elekta* and not Machaty" (R. 669).

When we say that a right reverts, we mean that the person who originally granted the right was entitled to its return.

Since Elekta was neither author, nor proprietor, and was not qualified to secure a copyright, then the

copyright secured by Eureka must be deemed to have been taken out in trust for Machaty, as the author and proprietor; and when the license of Astra terminated in 1944, then the copyright must be deemed to have *reverted* to Machaty, who was qualified to take out a copyright, and not to Elekta, who was, at no time, qualified to take out such copyright.

Machaty had a right to bring this action for the protection of his rights.

So when the rights of Astra expired in 1944, Machaty had the right to bring suit against Astra as an interloper, if Elekta did not see fit to intervene for the protection of Machaty's literary property.

In conclusion, the reason why the copyright *reverted* to Machaty, and not to Elekta, are as follows:

(1) That under the Copyright Act Machaty as the author was qualified to apply for a copyright of his work.

(2) That Elekta was neither an author nor proprietor, but merely a distributor of said work, and that as distributor Astra was not granted the right under the Copyright Act to apply for a Copyright of another party's work.

(3) That thereafter, and in 1936, Eureka, a licensee of Elekta, applied for a copyright to said literary property of Machaty, upon the express and specific ground that Machaty was the "AUTHOR" of the photoplay (fol. 930), and that thereby Eureka represented that it took out said copyright *IN TRUST* for the *AUTHOR* Machaty.

(4) That the Courts have held that when a copyright is permitted to be taken out in trust for a third party, it means in trust for the AUTHOR or PROPRIETOR of the work; and, in the instant case, it means *in trust* for Machaty, the author; and not in trust for Elekta, which is merely the distributor of said film.

(5) That, consequently, when the time of Astra to distribute the film terminated, in 1944, the *copyright* which was taken out for the benefit of the author Machaty, therefore, reverted to the author Machaty and the *distribution rights* which were secured by Astra from Elekta, the *Distributor*, therefore, reverted to Elekta.

II.

The judgment of the Supreme Court, New York County, in favor of the petitioner Gustav Machaty and against the Elekta-Film constituted a *res judicata* determination as against Elekta, and was binding on the United States District Court and United States Court of Appeals and hence the copyright was vested in Machaty.

The contract between Machaty and Elekta, dated July 12, 1932, granted to Elekta a contract for the distribution of said film throughout the world (Plaintiff's Exhibit 2, fol. 682).

In 1934, Elekta gave a license to Eureka to distribute and exhibit the film for the territory of the United States for a period of five years (Plaintiff's Exhibit 10, fol. 895).

On December 20, 1938, Elekta gave to Weingarten a license to distribute and exhibit the film, for the territory of the United States, for a period of five years, commencing with the expiration of the agreement between Elekta and Eureka, which agreement expired in *1944* (Plaintiff's Exhibit 4, fol. 700).

Weingarten assigned the license to Michael M. Wyngate, Inc. (Plaintiff's Exhibit 5, fols. 706-717), and Wyngate thereafter assigned the license to Astra (Plaintiff's Exhibits 6 and 7, fols. 718-735).

On or about *August 6, 1948*, Gustav Machaty commenced an action against *Elekta-Film and Joseph Auerbach* by the service of the summons and complaint upon each of them, *in the Supreme Court, New York County* (Plaintiff's Exhibit 9 for Identification, fol. 830).

The complaint in said New York Supreme Court action is predicated upon the following two grounds:

(1) Upon the said two contracts between Gustav Machaty and Elekta-Film, dated July 12, 1932, and *September 17, 1932*, as aforesaid.

(2) Upon the said foreign judgment recovered by Gustav Machaty against Elekta-Film, in Prague, Czechoslovakia (Plaintiff's Exhibit 9 for Identification, fols. 805-807).

The defendant Elekta-Film moved to set aside the service of the summons and complaint upon it, upon the ground that it was a foreign corporation and was not doing business in this State. Its motion was denied by the Supreme Court, and said denial was thereafter unanimously affirmed by the Appellate Division of the First Department (fols. 830-836); 277 App. Div. 981.

After the denial of said motion, no answer was thereafter interposed by said Elekta-Film, and judgment was thereupon entered on *September 14, 1950,* in favor of Gustav Machaty and against Elekta-Film; and the material portion of which judgment reads as follows:

> "ORDERED, ADJUDGED AND DECREED, that plaintiff (*i. e.,* Gustav Machaty) is entitled to judgment against the defendant corporation Elekta-Film, A. G., as prayed for in the complaint herein" (Plaintiff's Exhibit 9 for Identification, fols. 793-799).

The Court of Appeals has decided that the copyright taken out by Eureka, as sub-licensee of Elekta, was impressed with a trust (as claimed by Machaty), in trust for him; but (as decided by the Court of Appeals), was impressed with a trust, in favor of Elekta (R. 669; 675).

Said Court has further decided that Astra, as assignee of Weingarten, "took those copyrights from Eureka subject to the same trust" (R. 675).

Said Court has further decided that "Astra's license terminated in *1944*" (Opinion, p. 905, ll. 1-3); and that Astra "had valid rights in the film until *1944 only,* as a licensee of Elekta" (R. 677; 670).

Said Court has further decided that, "If Elekta is still in control of these rights, then the equitable interest in copyrights, taken out by its assignees, reverts to Elekta and not Machaty" (R. 669).

It follows, from the foregoing determinations of said Court, that, *after 1944,* **Astra had no further** right or interest whatsoever in and to said film, either as licensee or copyright holder or otherwise.

It further follows that, *after 1944,* when Astra's right to said film terminated, Astra had no right to interfere with the right of Machaty under said contract of July 12, 1932, between Machaty and Elekta; and that any such interference on the part of Astra, *after 1944,* must be construed as that of an interloper, intruder and wrongdoer.

After Astra's rights, as licensee, had *terminated in 1944,* Machaty, on or about August 6, 1948, commenced the said action in the Supreme Court, New York County, against Elekta Film (fol. 830); and judgment was entered against Elekta-Film on *September 14, 1950* (Plaintiff's Exhibit 9 for Identification, fols. 793-799).

The judgment as entered in the Supreme Court, as indicated above, is that Machaty "is entitled to judgment against the defendant corporation Elekta-Film, A. G., *as prayed for in the Complaint"* (Plaintiff's Exhibit 9 for Identification, fols. 793-799).

The material provisions of the *prayer* of the complaint, in the Supreme Court Action of *Machaty* v. *Elekta,* reads as follows:

> "WHEREFORE, plaintiff demands judgment against the defendants as follows:
>
> (1) That it be adjudged that the plaintiff and defendant Elekta-Film, A. G., entered into the said agreements, dated July 12, 1932, and the said subsequent modification agreement, dated September 17, 1932.

(2) That it be adjudged that the rights of the defendant Elekta-Film, A. G., under said agreement of July 12, 1932 and September 17, 1932, to distribute or exploit said film, came to end, expired and terminated on July 12, 1937.

(3) . . .

(4) . . .

(5) . . .

(6) That it be adjudged that the plaintiff exclusively owns all of the distribution, exploitation and exhibition rights in and to the aforementioned motion picture production, entitled 'Ecstacy'.

(7) . . .

(8) That it be further adjudged that the acts and conduct of the defendants in distributing, exhibiting, licensing, or otherwise exploiting said film, after the expiration of said agreements, on July 12, 1937, was wrongful and unlawful and violated and infringed upon the exclusive property rights of the plaintiff in and to said film; and that the defendants account to plaintiff for the proceeds realized since July 12, 1937 and until the entry of judgment herein, by reason of said tortious acts and unlawful exploitation of said film.

(9) . . .

(10) *That the defendants shall forthwith surrender, assign and deliver to plaintiff any registered Copyright Certificates issued by the United States, or any other Country, to the defendants, or either of them, in and to said motion picture production and its incidents and appurtenances''* (fols. 882-890).

It follows, therefore, that under subdivision 10 of the prayer of the complaint, the plaintiff has judgment against Elekta, that Elekta "*forthwith surrender, assign* and deliver" to Machaty all copyrights issued to defendant Elekta (Plaintiff's Exhibit 9 for Identification, fols. 793-799).

The Court of Appeals in construing the Supreme Court judgment and the Prague judgment said:

> "Both judgments decided that Machaty was the present owner of the distribution rights as against Elekta" (Opinion, p. 904, ll. 8-10).

In view of said Subdivision 10 of the prayer of the complaint in the Supreme Court Action, it follows that Machaty has also recovered judgment *to the copyrights secured by Elekta.*

It follows, that since the Supreme Court, New York County, has granted judgment in favor of the petitioner, Machaty, and against Elekta-Film, and thereby determined that the copyrights are vested in Machaty, that upon the termination of the license of Astra to distribute the picture in 1944, the rights to the copyright reverted to Machaty, and not to Elekta.

The Court of Appeals, therefore, erred in holding that the copyrights reverted to Elekta.

Respectfully submitted,

HENRY PEARLMAN,
Counsel for Petitioner.

June 23, 1952.